

TOWNSHIP OF LIVINGSTON
OTSEGO COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008

Township Officials

Supervisor

Norman Brechiesen

Clerk

Elizabeth Mench

Treasurer

Cheryl Prusakiewicz

Trustees

Beth Dipzinski

Richard Carlson

Livingston Township

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

December 5, 2008

To the Township Board
Township of Livingston
Otsego County, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Township of Livingston, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and the major fund activity of the Township of Livingston as of March 31, 2008, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2-4 and budgetary comparison information on pages 22-24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Keskin Cook Miller & Alexander LLP
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Livingston Township

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TOWNSHIP OF LIVINGSTON MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED MARCH 31, 2008

This section of Livingston Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the financial statements, which immediately follow this section.

Financial Highlights

Our financial position has improved over the prior year.

Overall revenues were approximately \$478,000, of which approximately \$5,000 is classified as program revenues, and approximately \$473,000 is classified as general revenues (consisting primarily of property taxes and state-shared revenues). Total revenues increased by approximately \$145,000 or 44% over the year ended March 31, 2006 as a result of the collection of approximately \$144,000 of delinquent personal property taxes from one taxpayer.

Overall expenses totaled approximately \$293,000 which is an increase of approximately \$38,000 or 15% from the year ended March 31, 2004. The increase in expenditures in the year ended March 31, 2008 is due to improvements made to the Township Hall totaling approximately \$42,000.

Total assets at March 31, 2008 totaled approximately \$1,122,600, which consists of approximately \$282,000 in capital assets net of depreciation, approximately \$839,000 in cash and certificates of deposit, and approximately \$9,000 in accounts receivable.

There are no liabilities as of March 31, 2008.

Net assets as of March 31, 2008 total approximately \$1,122,600 which represents an increase of approximately \$185,000 from the prior year. Approximately \$282,000 of the total net assets is invested in capital assets with approximately \$841,000 being unrestricted.

The Township incurred no new debt instruments during the year and has no outstanding debt carried forward from prior years. The Township purchased approximately \$42,000 of improvements to the Township Hall. Long-term debt and capital asset activity is addressed further in a subsequent section of this letter.

Financial Highlights (continued)

The following table shows in condensed format, the net assets as of March 31, 2008 and 2006.

	Governmental Activities	
	<u>2008</u>	<u>2006</u>
Assets		
Current assets	\$ 841,000	\$ 753,000
Noncurrent assets	<u>282,000</u>	<u>245,000</u>
Total assets	<u>1,123,000</u>	<u>998,000</u>
Liabilities		
Accounts payable	<u>-</u>	<u>4,000</u>
Net Assets		
Invested in capital assets	282,000	245,000
Unrestricted	<u>841,000</u>	<u>749,000</u>
Total net assets	<u>1,123,000</u>	<u>994,000</u>

The current level of unrestricted net assets for our governmental activities stands at approximately \$841,000, or about 287% of annual expenditures.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present an overview of the government broken down by the services it provides.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Government-wide Financial Statements

The government-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities. This is one method to measure our financial health or position.

Over time, increases or decreases in the Township's net assets are an indicator of whether financial position is improving or deteriorating.

Government-wide Financial Statements (continued)

To assess overall health of the Township, you may also have to consider additional factors such as tax base changes, economic conditions, and personnel changes.

Most of the activities of the Township are reported as governmental activities. These would include the operations recorded in the General and Liquor Law Enforcement Funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Township has the following types of funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

Fiduciary Funds: The Township is a trustee or fiduciary for assets that belong to others. The Township maintains these funds and is responsible for insuring that the assets of these activities are collected and disbursed to the respective entities to which the funds belong. These activities do not appear in the Township's government-wide financial statements since the assets do not belong to the Township. The Township maintains a Tax Collection Fund in this category.

Capital Asset and Long-term Debt Activity

Capital Assets:

During the year ended March 31, 2008, the Township spent approximately \$42,000 on Township Hall improvements including a new furnace, electrical upgrades, new water well, and fresh paint.

Long Term Debt:

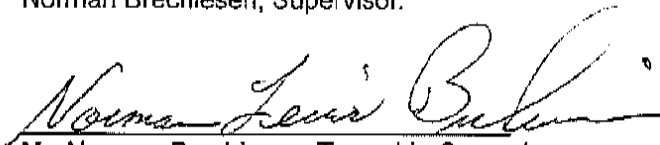
The Township has no outstanding long-term debt.

Known Factors Affecting Future Operations

None.

Contacting Township Management

This financial report is designed to provide our taxpayers, creditors, investors, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report, please contact Mr. Norman Brechiesen, Supervisor.



Mr. Norman Brechiesen, Township Supervisor

**TOWNSHIP OF LIVINGSTON
STATEMENT OF NET ASSETS
MARCH 31, 2008**

Assets	
Cash and investments	\$ 830,433
Property taxes receivable	8,601
Accounts Receivable	-
Interest Receivable	-
Due from other funds	1,673
Capital assets, net of accumulated depreciation	281,893
	<hr/>
Total Assets	1,122,600

Net Assets	
Invested in capital assets	281,893
Unrestricted	840,707
	<hr/>
Total Net Assets	<hr/> <hr/> \$ 1,122,600

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Functions / Programs	P r o g r a m R e v e n u e s			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 212,079	\$ 4,390	\$ -	\$ -
Public works	25,791	-	-	-
Health and welfare	6,940	-	-	-
Public safety	48,212	-	-	-
Total governmental activities	\$ 293,022	\$ 4,390	\$ -	\$ -
				(207,689)
				(25,791)
				(6,940)
				(48,212)
				(288,632)
General revenues:				
Property taxes				254,483
State of Michigan revenue sharing				178,564
Investment earnings				37,791
Rental income				451
Miscellaneous				2,084
Total general revenues				473,373
Change in Net Assets				184,741
Net Assets - April 1, 2007				937,859
Net Assets - March 31, 2008				\$ 1,122,600

See accompanying notes to financial statements

**TOWNSHIP OF LIVINGSTON
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008**

Assets

Cash	\$ 489,273
Investments	341,160
Property taxes receivable	8,601
Due from other funds	1,673
	<hr/>
Total assets	\$ 840,707
	<hr/> <hr/>

Fund Balance

Fund balance - undesignated	\$ 840,707
	<hr/> <hr/>

See accompanying notes to financial statements

**TOWNSHIP OF LIVINGSTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008**

Total fund balance - Governmental Funds (per Balance Sheet - page 7)	\$ 840,707
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and are not reported in the funds	281,893
	<hr/>

Total net assets of Governmental Activities (per Statement of Net Assets - page 5)	\$ 1,122,600
	<hr/> <hr/>

See accompanying notes to financial statements

**TOWNSHIP OF LIVINGSTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008**

Revenues

Taxes and assessments	\$ 267,214
State shared revenues and Rrimbursements	165,833
Charges for services	4,390
Investment income	37,791
Rents and royalties	451
Miscellaneous	2,084
	<hr/>
Total revenue	477,763

Expenditures

Current:

General Government:

Township Board	41,488
Supervisor	12,990
Election	1,547
Assessor	22,236
Clerk	20,004
Board of Review	860
Treasurer	20,930
Township Property	83,997
Roads	25,791
Planning & zoning	6,940
Public safety	48,212
	<hr/>
	284,995

Excess of revenues over expenditures	<hr/> 192,768
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Fund Balance - April 1, 2007	<hr/> 647,939
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Fund Balance - March 31, 2008	<hr/> <hr/> \$ 840,707
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See accompanying notes to financial statements

**TOWNSHIP OF LIVINGSTON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT ACTIVITIES
YEAR ENDED MARCH 31, 2008**

Net change in Fund Balances (per Statement of Revenues, Expenditures and Changes in Fund Balances - page 9)	\$	192,768
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Amounts reported for governmental activities in the Statement of
Activities (page 7) are different because:

Depreciation expense is recorded in the Statement of Activities, but not in the fund financial statements		(8,027)
		(8,027)

Change in Net Assets of Governmental Activities (per Statement of Activities - page 6)	\$	184,741
		184,741

See accompanying notes to financial statements

**TOWNSHIP OF LIVINGSTON
STATEMENT ASSETS AND LIABILITIES
FIDUCIARY FUND
MARCH 31, 2008**

Assets

Cash	\$ 145,906
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Liabilities

Due to other governments	\$ 145,906
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See accompanying notes to financial statements

TOWNSHIP OF LIVINGSTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008

Note 1: Entity

The Township of Livingston is a general law township of the State of Michigan, located in Otsego County, Michigan. It operates under an elected board and provides services to its residents in many areas including public safety, community enrichment, and human services. The criteria for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements include all of the governmental functions of Livingston Township.

Note 2: Summary of Significant Accounting Policies

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Livingston Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Livingston Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Government-Wide and Fund Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities.

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers.

**TOWNSHIP OF LIVINGSTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

Note 2: Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statement Presentation (Continued)

These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The Township of Livingston has only one governmental fund, general. Therefore, no non-major funds are reported. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

Fund Types and Major Funds

Governmental Funds

The Township reports the following major governmental fund:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

Other Funds

Fiduciary Funds - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

Measurement Focus and Basis of Accounting

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

TOWNSHIP OF LIVINGSTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008

Note 2: Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, fees, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2007, are recorded as revenue in the current year. The Township's taxable value for the 2007 tax year totaled \$122,538,535.

The tax rates for the year ended March 31, 2008, were as follows:

Purpose	Rate / Assessed Valuation
General	0.900 mills per \$1,000

**TOWNSHIP OF LIVINGSTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

Note 2: Summary of Significant Accounting Policies (Continued)

Budget

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional and activity basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level. Budgets as adopted end on March 31 of each year. There are no carryover budget items.

Capital Assets and Depreciation

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$3,500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Office furniture and equipment	10 – 15 years
Buildings and improvements	15 – 40 years

Land and construction in progress are not depreciated.

For information describing capital assets, see Note 4.

Use of Estimates

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as much, include amounts based on informed estimates and judgements of management with consideration given to materiality. Actual results could differ from those estimates.

**TOWNSHIP OF LIVINGSTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

NOTE 3: Cash and Investments

Cash

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; banker's acceptances of United States banks; commercial paper rated within the two highest classifications, which matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township of Livingston's deposits and investment policies are in accordance with statutory authority.

At year end, the deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 488,786	\$ 145,906	\$ 634,692

Deposits

The bank balance of the Township's deposits is \$491,492, of which \$300,000 is covered by federal depository insurance. The remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Investments consist of bank certificates of deposits held with various financial institutions. The certificate's maturities range from August 2008 – March 2010 and interest rates range from 1.75% - 5.15%. The bank balance of the Township's certificates of deposits is \$341,160, of which \$327,793 is covered by federal depository insurance. The remainder was uninsured and uncollateralized.

**TOWNSHIP OF LIVINGSTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

Note 4: Capital Assets

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>		<u>CAPITAL ASSETS DEPRECIATED</u>		
	<u>Land</u>	<u>Water System Construction</u>	<u>Buildings & Components</u>	<u>Furniture & Equipment</u>	<u>Totals</u>
Governmental Activities					
Balance, April 1, 2007	\$ 43,380	\$ 78,331	\$ 161,539	\$ 33,886	\$ 317,136
Increases	-	-	37,100	4,896	41,996
Decreases	-	-	-	-	-
Balance, March 31, 2008	<u>43,380</u>	<u>78,331</u>	<u>198,639</u>	<u>38,782</u>	<u>359,132</u>
Accumulated Depreciation					
Balance, April 1, 2007	-	-	49,049	20,163	69,212
Increases	-	-	5,060	2,967	8,027
Decreases	-	-	-	-	-
Balance, March 31, 2008	<u>-</u>	<u>-</u>	<u>54,109</u>	<u>23,130</u>	<u>77,239</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,380</u>	<u>\$ 78,331</u>	<u>\$ 144,530</u>	<u>\$ 15,652</u>	<u>\$ 281,893</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental Activities

Elections	\$ 333
Township Property	<u>7,694</u>
Total	<u>\$ 8,027</u>

Note 5: Pension Plan

The Township of Livingston contributes to a pension plan which is a defined contribution pension plan administered by the Municipal Retirement Systems.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Township's defined contribution pension plan, the benefits a participant will receive depends on the amount contributed to the participant's account and the returns earned on investments of those contributions.

All full-time employees and elected officials over the age of 18 are eligible to participate in the plan. Contributions made by the Township and employees are fully vested immediately. The participant will receive all vested benefits upon termination of employment with the Township.

The plan requires the Township to contribute 7.5% of the eligible employee's current compensation. Additionally, 3% past service credit is also credited for a maximum of 10 years.

**TOWNSHIP OF LIVINGSTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

Note 5: Pension Plan (Continued)

The Township has met all pension obligations for the year ended March 31, 2008. In addition, employees may make voluntary contributions. The Township's contribution for the year totaled \$4,786.

NOTE 6: Contingencies

Insurance

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Township Participating plan, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

NOTE 7: 425 Agreements

Livingston Township has several contracts for transfer of property with the City of Gaylord, which is governed pursuant to P.A. 1984 NO. 425. The contract shall be in effect for 16 years from the date of contract. Livingston Township allows the City of Gaylord to extend water and sewer service to the property. During the contract the property shall be part of the jurisdiction of the City of Gaylord for all purposes and any revenues generated by the property belongs to the City. Upon expiration, the contract shall be renewable in whole or in part for an additional 10 years upon mutual agreement. The Township recognized \$12,731 in Act 425 income in the current year.

**TOWNSHIP OF LIVINGSTON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2008**

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Revenues				
Property taxes	\$ 96,000	\$ 96,000	\$ 254,483	\$ 158,483
Act 425 agreement	8,500	8,500	12,731	4,231
Penalties and interest	850	850	-	(850)
State shared revenue	167,056	167,056	165,833	(1,223)
Fees	9,500	9,500	4,390	(5,110)
Interest	11,000	11,000	37,791	26,791
Rent	5,000	5,000	451	(4,549)
Miscellaneous	600	600	2,084	1,484
Total revenues	298,506	298,506	477,763	179,257
Expenditures				
General Government:				
Township Board				
Salaries	6,000	6,000	6,445	(445)
Fringes	4,600	4,600	5,084	(484)
Board incentive	5,000	5,000	4,280	720
Professional services	15,500	15,500	4,404	11,096
Education and training	1,300	1,300	4,181	(2,881)
Retirement fund	6,000	6,000	4,786	1,214
Printing and publishing	2,000	2,000	1,315	685
Trustee mileage	500	500	250	250
Insurance and bonds	8,000	8,000	4,257	3,743
Miscellaneous	-	-	6,486	(6,486)
Total Township Board	48,900	48,900	41,488	7,412
Township Supervisor				
Salaries	10,000	10,000	10,300	(300)
Fringes	1,000	1,000	-	1,000
Board incentive	2,000	2,000	2,690	(690)
Education and training	1,200	1,200	-	1,200
Office supplies	600	600	-	600
Total Township Supervisor	14,800	14,800	12,990	1,810
Elections				
Salaries	1,000	1,000	682	318
Voting machine	900	900	-	900
Operating supplies	1,000	1,000	865	135
Total Township Election	2,900	2,900	1,547	1,353

**TOWNSHIP OF LIVINGSTON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2008**

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Township Assessor				
Salaries	20,116	20,116	20,719	(603)
Office supplies	3,000	3,000	1,517	1,483
Education and training	200	200	-	200
Data processing	1,500	1,500	-	1,500
Total Township Assessor	24,816	24,816	22,236	2,580
Township Clerk				
Salaries	15,603	15,603	16,071	(468)
Deputy wages	250	250	-	250
Fringes	2,790	2,790	-	2,790
Board incentive	1,000	1,000	480	520
Office supplies	1,500	1,500	1,418	82
Education and training	1,000	1,000	760	240
Clerk mileage	300	300	-	300
Rent	600	600	1,275	(675)
Total Township Clerk	23,043	23,043	20,004	3,039
Township Board of Review				
Salaries	1,600	1,600	860	740
Fringes	200	200	-	200
Travel	75	75	-	75
Education and training	300	300	-	300
Total Township Board of Review	2,175	2,175	860	1,315
Township Treasurer				
Salaries	14,610	14,610	17,448	(2,838)
Deputy wages	257	257	265	(8)
Fringes	2,541	2,541	-	2,541
Board incentive	500	500	620	(120)
Office supplies	3,000	3,000	1,557	1,443
Data processing	1,000	1,000	-	1,000
Summer tax collection expense	2,330	2,330	230	2,100
Education and training	800	800	200	600
Treasurers mileage	200	200	85	115
Rent	600	600	525	75
Total Township Treasurer	25,838	25,838	20,930	4,908

**TOWNSHIP OF LIVINGSTON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2008**

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Township Hall				
Salary	4,017	4,017	4,137	(120)
Telephone	500	500	514	(14)
Heating	3,500	3,500	3,702	(202)
Electric	2,000	2,000	2,113	(113)
Repairs and maintenance	23,500	23,500	25,436	(1,936)
Snow plowing	1,800	1,800	2,650	(850)
Hall improvements	-	-	1,273	(1,273)
Spring cleanup	12,000	12,000	4,849	7,151
Miscellaneous	900	900	1,493	(593)
Capital outlay	10,000	10,000	37,830	(27,830)
Total Township hall	58,217	58,217	83,997	(25,780)
Total general government	200,689	200,689	204,052	(3,363)
Planning commission	5,000	5,000	6,940	(1,940)
Public safety				
Fire	47,535	48,184	48,212	(28)
Roads	65,000	65,000	25,791	39,209
Total expenditures	318,224	318,873	284,995	33,878
Excess of revenues over expenditures	19,718	20,367	192,768	213,135
Fund Balance - April 1, 2007	647,939	647,939	647,939	-
Fund Balance - March 31, 2008	\$ 628,221	\$ 627,572	\$ 840,707	\$ 213,135



Keskine, Cook, Miller & Alexander, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

December 5, 2008

To the Township Board
Township of Livingston
Otsego County, MI

We have audited the financial statements of the governmental activities and the major fund of the Township of Livingston (the Township) for the year ended March 31, 2008, and have issued our report thereon dated December 5, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 11, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on March 11, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of accumulated depreciation is based on the estimated useful life of the assets. We evaluated the key factors and assumptions used to develop the useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

Jeffrey B. Cook, CPA
Richard W. Miller, CPA
Ronald D. Alexander, CPA
Curt A. Reppuhn, CPA

Terry J. Distel, CPA (Ret.)
Joseph G. Okrei, CPA (Ret.)
Walter J. Keskine, CPA (Ret.)

The disclosure of the Township's Measurement Focus and Basis of Accounting policy in Note 2 to the financial statements. We evaluated standard governmental accounting policies and procedures in determining the adequacy of the disclosure from a neutral, consistent and clear perspective for the end user.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

Preparation of Financial Statements

The definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles (GAAP). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

This communication is intended solely for the information and use of management, the Township of Livingston's Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,


Keskine, Cook, Miller & Alexander LLP



Keskin, Cook, Miller & Alexander, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Jeffrey B. Cook, CPA
Richard W. Miller, CPA
Ronald D. Alexander, CPA
Curt A. Reppuhn, CPA

Terry J. Distel, CPA (Ret.)
Joseph G. Okrei, CPA (Ret.)
Walter J. Keskin, CPA (Ret.)

December 5, 2008

To the Township Board
Township of Livingston
Otsego County, MI

In planning and performing our audit of the financial statements of the governmental activities and the major fund of the Township of Livingston (the Township) as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

Preparation of Financial Statements

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

This communication is intended solely for the information and use of management, the Township of Livingston's Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Keskin, Cook, Miller & Alexander LLP". The signature is written in a cursive, flowing style.

Keskin, Cook, Miller & Alexander LLP